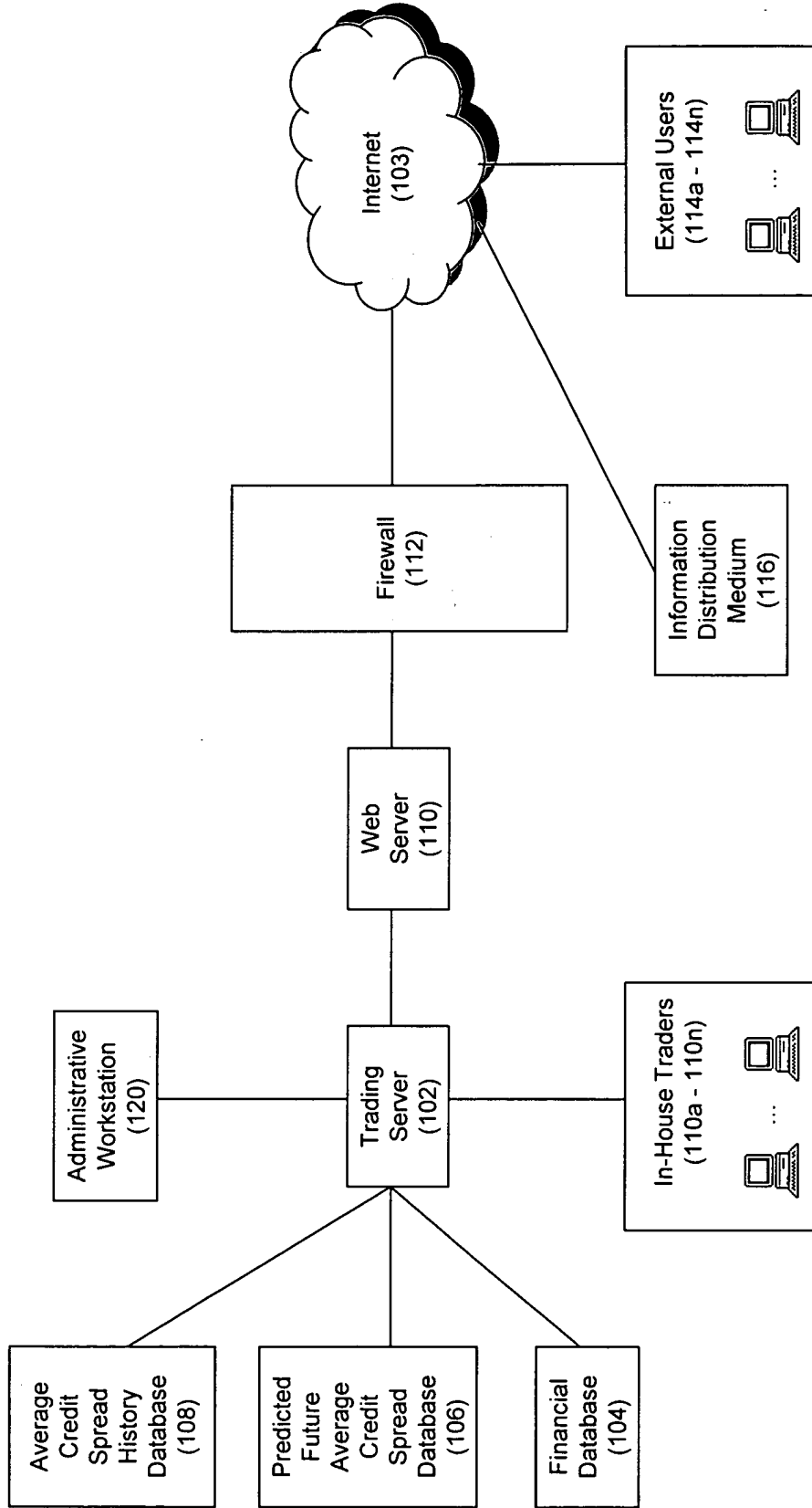


Fig. 1 (100)



**Fig. 2 Average Credit Spread History Database (108)**

Time Period	ACS	Source	P1 (bp)	Type	Tick
199902	AIRLINE INDUSTRY: TOTAL	Moody's	168	Quarterly	1.00
199903	AIRLINE INDUSTRY: TOTAL	Moody's	171	Quarterly	1.00
199904	AIRLINE INDUSTRY: TOTAL	Moody's	170	Quarterly	-1.00
200001	AIRLINE INDUSTRY: TOTAL	Moody's	169	Quarterly	-1.00
200002	AIRLINE INDUSTRY: TOTAL	Moody's	172	Quarterly	1.00
200003	AIRLINE INDUSTRY: TOTAL	Moody's	174	Quarterly	1.00
200004	AIRLINE INDUSTRY: TOTAL	Moody's	172	Quarterly	-1.00
200101	AIRLINE INDUSTRY: TOTAL	Moody's	178	Quarterly	1.00
200102	AIRLINE INDUSTRY: TOTAL	Moody's	180	Quarterly	1.00
200103	AIRLINE INDUSTRY: TOTAL	Moody's	177	Quarterly	-1.00
200104	AIRLINE INDUSTRY: TOTAL	Moody's	198	Quarterly	1.00
200201	AIRLINE INDUSTRY: TOTAL	Moody's	204	Quarterly	1.00
200202	AIRLINE INDUSTRY: TOTAL	Moody's	203	Quarterly	-1.00
200203	AIRLINE INDUSTRY: TOTAL	Moody's	206	Quarterly	1.00
200204	AIRLINE INDUSTRY: TOTAL	Moody's	205	Quarterly	-1.00
200301	AIRLINE INDUSTRY: TOTAL	Moody's	202	Quarterly	-1.00

202  
204

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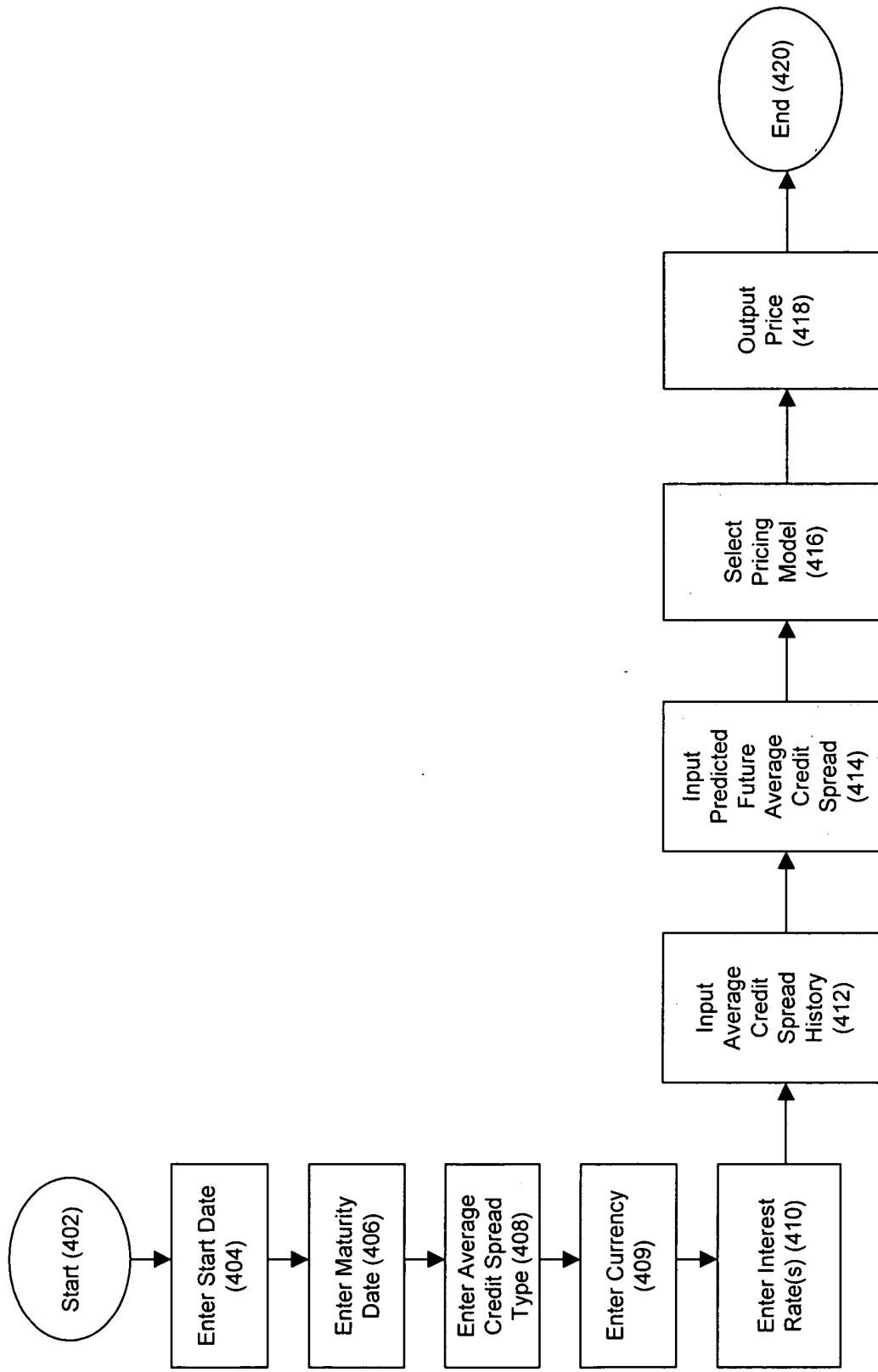
**Fig. 3 Predicted Future Average Credit Spread Database (106)**

Time Period	ACS	Source	P1 (bp)	Type	Tick
200401	AIRLINE INDUSTRY: TOTAL	Moody's	204	Quarterly	-1.00
200402	AIRLINE INDUSTRY: TOTAL	Moody's	203	Quarterly	0.00
200403	AIRLINE INDUSTRY: TOTAL	Moody's	201	Quarterly	-1.00
200404	AIRLINE INDUSTRY: TOTAL	Moody's	199	Quarterly	1.00
200501	AIRLINE INDUSTRY: TOTAL	Moody's	200	Quarterly	-1.00
200502	AIRLINE INDUSTRY: TOTAL	Moody's	198	Quarterly	-1.00
200503	AIRLINE INDUSTRY: TOTAL	Moody's	195	Quarterly	1.00
200504	AIRLINE INDUSTRY: TOTAL	Moody's	196	Quarterly	1.00
200601	AIRLINE INDUSTRY: TOTAL	Moody's	195	Quarterly	-1.00

302 —  
304 —

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Fig. 4 (400)



# Fig.5 (500)

Options Pricing Module

Call Option Price

510

508

500

502

504

Inputs

Enter Start Date: 11/1/04

Enter Maturity Date: 11/30/04

Select ACS Type:

AIRLINE INDUSTRY TOTAL

AUTO ASSEMBLY TOTAL

DEFENSE: AEROSPACE TOTAL

COMMERCIAL BANK TOTAL

INVESTMENT BANK TOTAL

ENERGY PRODUCTION TOTAL

ENERGY SERVICES TOTAL

Enter Average Credit Spread (S): 456

Enter Strike Price (K): 366

Enter Interest Rate (r): 3%

Enter Standard Deviation ( $\sigma$ ): 83.00

Enter Cum. Std. Nrml. Dist. (N): 14%

Calculations

Time to Maturity: 1 (T) 29

Calculation for D1: 27.54

Calculation for D2: (41.67)

Exponential Function (e): 2.7183

D1 = (#2 + #5)

BELOW, CALCULATION OF D1

#1 S / K: 1.245901639

#2 Ln(s/k): 0.219859476

#3 r: 3%

#4 SIGMA<sup>2</sup>/2: 3444.5

#5 (r + SIGMA<sup>2</sup>/2)<sup>T</sup>: 2,625.58

#6 TOP HALF OF EQUATION: 2,625.58

#7 STD. DEV. \* sqr ROOT T: 81.60494266

#8 BOTTOM HALF OF EQUATION: 81.60494266

#9 CALCULATION OF D1: 32.18

D2 = D1 - Sigma \* Square root of T

(49.43)

-R \* T

(0.03)

ERT

0.97

NORMAL DISTRIBUTION—NEED TO IDENTIFY MEAN AND STD. DEV.

STANDARD DEVIATION

MEAN

X

NORMAL DISTRIBUTION

83.00

456

366

0.139107661

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Fig.6 (600)

